

I would hope that we could move toward a bipartisan bill on speculation. As I said, speculation is only the first part of our plan.

For months we have urged Republicans to join us in passing tax extenders that will cut taxes to give American companies reliable incentives for investing in alternative energy sources. The tax extenders bill would speed our move away from oil and toward a cleaner, more efficient energy future using wind, solar, geothermal, and other renewables. It would create hundreds of thousands of good, high-paying, permanent American jobs.

Just as Democrats are keeping an open mind about the need for increased domestic production by insisting that oil companies start drilling on the 68 million acres of American land they lease but are not using, we hope Republicans will join us in finally passing the tax extenders bill. We must stem energy speculation. We must responsibly tap into emergency domestic oil reserves. We must increase domestic production, and we must give American companies tax cuts to develop clean, alternative, renewable energy right here at home.

With less market manipulation, more domestic supply, and incentives to move away from oil toward renewable energy, we can overcome this crisis and set our country on the path toward a cleaner, safer, more affordable energy future. That is the Democratic plan. We hope Senate Republicans will work with us to pass it into law.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DORGAN. I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ENERGY CHALLENGES

Mr. DORGAN. Mr. President, my colleague, the Senator from Nevada, just described a series of challenges we face. I don't know that I have seen a more daunting time in this country in some long while than the time before us. The issues today of the credit crisis—the subprime loan scandal, bank failures, the threat of bank failures—these are serious issues. I am convinced the quick action by the Federal Reserve Board and the Secretary of the Treasury this weekend was necessary. But on top of that, there is a fiscal policy that is way off track. We are engaged in a war in which none of the cost of the war is paid for. We have a President who insists the entire cost of the war be added to the debt, and an attempt by Congress to change that would result in a Presidential veto. It

is a fiscal policy that is way out of balance.

The President requests a budget to the Congress of roughly \$420 billion in yearly deficits, but that, of course, is not the deficit. The deficit is how much we have to borrow. This President's fiscal policy is off track by the tune of \$600 billion to \$700 billion a year because that is, in fact, what has to be borrowed. He doesn't include in his budget request the cost of the Iraq war, which is very expensive.

We have the subprime loan scandal, the problems in the credit market, the fiscal policy that is off track, a trade policy that means we are running a deficit of over \$2 billion a day every single day by importing more than we are able to export. Then, add to those issues what is happening to energy, particularly the price of oil running up like a Roman candle, \$140 to \$145 a barrel, and suggestions by some big investment banking firms that it may reach \$200 a barrel. What does all of this mean? What do we do about it?

I have mentioned before a trip late one evening over the Pacific Ocean in what was the previous Air Force One, that big, old airplane. I believe it now sits at the Reagan Library in California, a 707. It was the Air Force One that brought John F. Kennedy's body back to Andrews Air Force Base in 1963. It was the Air Force One used by Presidents up until George Bush, the senior, and then it was replaced.

One of the last flights of that airplane was one I was on to Asia, to China, Japan, and Vietnam. A number of my colleagues were on that flight—the majority leader, Senator Daschle. My colleague from Ohio, John Glenn, was also on the flight. It was late at night flying over the Pacific that I had a chance, for the first time, to ask Senator Glenn a lot of questions about the time he rode around this planet in a little space capsule called Friendship 7 by himself orbiting the Earth. I was a very young person at the time of the flight, but I remember vividly the reports on the radio and television about John Glenn lifting off as the first American to orbit the Earth and how excited I was. So that evening, as a U.S. Senator, with my colleague, John Glenn, sitting there, I began peppering him with questions about that spaceflight.

One of the questions I asked was, I had remembered that the city of Perth, Australia, decided to welcome this astronaut flying alone by, when he came to the dark side of the Earth, turning on all the lights. Every light in Perth was on that night. They lit up this city called Perth, Australia, and I asked John Glenn that evening: Did you see the lights of Perth as you reached the dark side of the Earth up there in space alone? Did you see that shining light of Perth?

He said: I did.

The only evidence of human life that existed on the planet below were the lights shining up, a product of energy.

It was perhaps not a surprise to him to understand that product of energy affects our lives every day in every way. Energy is critical to our lives. We get up in the morning, virtually every one of us who is within listening distance, and we flick a switch. That means a light goes on, the product of energy. It means perhaps you brush your teeth with an electric toothbrush, and thus battery energy. It means you shave with an electric razor, perhaps, and use electric energy. You heat up some coffee, electric energy. You take a shower and a hot water heater that runs on either gas or electric energy produces hot water. Then you get in the car to go to work, and you put a key in the ignition and turn it. You use energy, in most cases from gasoline.

Energy affects almost everything we do, and we don't give it a second thought until one day when the lights go out and electricity is gone for 4 days and an entire neighborhood is up in arms. How on Earth can we live without electricity? Or until at some point when gasoline is not available and, therefore, your car is of little value. It happens from time to time.

Now what has happened to our country and to the world with respect to energy policy is, we have a big appetite for energy. We are seeing the price of oil, which is a very important part of our energy appetite, go up, up, up, like a Roman candle, \$140 to \$145 a barrel, and gasoline prices follow suit. A whole lot of folks at this point aren't able to afford to fill the tank with gas. A whole lot of trucking companies can't afford to buy the gas or diesel for their saddle tanks on those big trucks. A lot of airlines can't afford to put jet fuel in the wings these days. So we have a good many airlines going into bankruptcy, and more out of business.

The question is, Why is the price of oil where it is? What has happened? Let me describe a couple things that have happened that lead me to believe we have to take action now, and very aggressive action as well. In the last 12 to 14 months, the price of oil has doubled. Has anything happened in the last year with respect to supply and demand that would justify the price of oil doubling? I can't think of anything, except perhaps there is less demand for gasoline at the moment. Our country is driving less. We have driven something close to 5 or 6 billion fewer miles in this 6-month period than the previous 6-month period. So demand for gasoline is actually down. One would think if that is the case, prices should abate or come down. But they didn't. They went straight up.

Here is what is happening: Explosive growth of speculation in the oil futures market. Speculators in the year 2000 were 37 percent of that market. In 2008, 71 percent of the people in this market are speculators. That is, they are not interested in owning oil. They are interested in contracts for oil with which they can buy and sell and trade and make a profit.

Will Rogers described it decades ago: People buying things they will never get from people who never had it, making money on both sides of the trade. So what about speculators? Are they causing price increases?

Let me share some comments from some people who might know. The senior vice president of ExxonMobil, in April of this year:

The price of oil should be about \$50 or \$55 per barrel.

Another comment:

Experts, including the former head of ExxonMobil, say financial speculation in the energy markets has grown so much over the last 30 years that it now adds up to 30 percent or more to the price of a barrel of oil.

Energy Secretary Bodman takes a different view. He says:

There's no evidence we can find that speculators are driving futures prices [for oil].

Let me give you a couple different views. The CEO of Marathon Oil:

\$100 oil isn't justified by the physical demand in the marketplace.

This is from Clarence Cazelot, CEO of Marathon Oil.

From a chart I have used previously, Mr. Fadel Gheit, who was for 30 or 35 years the top analyst for Oppenheimer & Co., he said:

There's no shortage of oil. I'm convinced that oil prices should not be a dime above \$55 barrel. I call it the world's largest gambling hall. It's open 24/7. Unfortunately, it is totally unregulated. This is like a highway with no cops and no speed limit, and everybody is going 120 miles an hour.

I want to go back to the Energy Secretary's notion that there is really no speculative role. Here is the Washington Post, July 7, a week or so ago:

The wave of investment dollars has flooded commodity markets in recent years and critics say contributed to the runup in prices.

Here is the point:

Investors, including pension funds and Wall Street speculators, have sharply increased their commodity allocations since 2003, from \$13 billion to \$260 billion. This has made financial actors an even larger force on these markets than farmers, airlines, trucking firms, and companies that buy and sell the physical goods to run their businesses.

For decades, trading commodity contracts were considered taboo by most pension funds because the market is so volatile and risky.

That has all changed. Now we have the California pension fund, CalPERS, and other pension programs that are shoving money into the commodities futures. It doesn't mean they want to own oil. They want to speculate.

Walter Lukken is the Acting Chairman of the Commodity Futures Trading Commission. This is the Commission that is supposed to be the referee, the Federal regulator wearing a striped shirt and blowing a whistle when they call the fouls. Markets work, in most cases, but when markets don't work, you have to have a referee. Walter Lukken, the referee for us, says the price of oil is going up because demand is outstripping supply, strong fundamentals are at play. Apparently, he misses the fact from 2003 until now, \$13 billion to \$260 billion, that is an additional \$247 billion have gone into this market driving up the price of oil, hav-

ing almost nothing at all to do with supply and demand.

There is a need, it seems to me, for the Congress to address this issue of excess speculation. Those that need a commodities market are the airlines, trucking companies, farmers, and others so they can hedge risks. There is a legitimate function of hedging risks, and that is what the market was created for. A consumer and producer hedges risk with respect to a physical product, a perfectly legitimate function. But the fact is, those interests that are most concerned about the Congress taking action to address a market that is broken are those who need the markets to hedge risks—airlines, trucking companies, farmers and others—because they know this market is broken. They know this is a market that is supposed to work for them to hedge risk, but now it is completely broken, taken over by speculators.

There is a columnist in the Washington Post this morning who does his usual—he does about two pages of research and then he skips the next five pages, so he never quite gets to the truth. He says this speculation stuff, that is made up. He doesn't use the word "populace." He says they are a bunch of ne'er-do-wells who don't have the foggiest idea what they are talking about. It is not a surprise to me that there are those who believe the current system is working. It certainly works for some, doesn't it?

The OPEC countries must love walking to the bank with our money and making a deposit in their account. The oil companies must love making deposits of our money into their accounts. I understand why some of the investment banks and other market players who are engaged in neck-deep speculation and have been making a lot of money love the status quo. They love what has happened here. It doesn't bother them a bit where the price of oil is, as long as they make money over all this speculation.

What I think we should do is pass legislation similar to that which I have introduced. It is called the End Oil Speculation Act. End oil speculation—how do you do that? You do it through a couple of approaches. No. 1, you take the oil futures market and you require the referee, the Commodity Futures Trading Commission (CFTC), to distinguish between legitimate hedging—that is, those who want to, between a consumer and a producer, hedge their risk with a physical product. You must distinguish between those interests and all other interests who are just in this market to speculate.

With respect to those who are in this market just for pure speculation, establish significant position limits. We can wring the speculation out of this system and should. I am talking about the excess speculation. This oil commodity futures market was created in 1936, and when President Roosevelt signed the bill, he warned about excess speculation. In fact, the bill itself had a provision dealing with excess speculation. Now we find ourselves, all these

decades later, with a dramatic amount of speculation that is wrecking this market. Should we do something? The answer is we must. We don't have a choice. Of course, we should.

My hope is—as the majority leader indicated, we are going to be able to address this issue later this week. My hope is we will be able to take legislation to the floor of the Senate, and if a regulator cannot regulate effectively—and this CFTC apparently cannot—and the head of the regulators has already made a judgment, a judgment he has stated four or five times since January: This market is working fine. This is not about speculation. This is about the fundamentals of supply and demand. What, me worry? Things are fine. Don't worry. Then, at the end of last month, the Chairman apparently had some sort of epiphany, a dream and woke up the next day and said: We have actually been investigating this for 7 months.

One of those statements is not true: Supply and demand at work; don't worry, be happy; or we have been worried for 7 months. It is not clear what position represents the position of the Chairman of the CFTC, but they are positions at dramatic odds with one another.

Let me say in addition, we hope this week we can address some legislation that will bring down the price of gasoline and put downward pressure on oil prices. Even doing that doesn't address, in the long term, what we need to address. All of us understand that. But it does address, in the short term, what we have to do to put some downward pressure on these prices.

I don't think there is any question that the price of oil and gas and the runup is hurting the economy of this country, hurting key industries in this country, certainly hurting American families, and we can do something about it, I believe, in the short term.

In the longer term, some of our colleagues will say: We have to drill. I support that. I don't support drilling everywhere. But it is interesting, the minority party put together a proposal that talks about drilling. But they forgot to include all this area off the coast of Florida. Isn't it interesting, I know why they didn't include it. Because one of their caucus does not want to drill off the coast of Florida, does not want to drill in these eastern waters off the Gulf of Mexico. They also know President Bush does not want to allow U.S. companies to drill off the coast of Cuba, so these were included in their proposals. They are all big drilling advocates, except they don't want to drill where most of the oil exists.

This is a chart of the technically recoverable oil. Let me show where it is. This is the Outer Continental Shelf of the Pacific, this is Alaska, this is the Outer Continental Shelf of the Atlantic, and this is the Gulf of Mexico. We

can see where the bulk of the technically recoverable oil is. I was one of four Senators—Senators BINGAMAN, DOMENICI, and then-Senator Talent—who offered the legislation to open lease 181. Lease 181, which is now 8.3 million acres in the gulf, was opened in 2006. That is an additional 8.3 million additional acres opened for oil and gas leasing.

I have also introduced legislation that opens all this additional area in the eastern Gulf of Mexico and off Cuban waters. So do I support drilling? I do. It is just that the minority side does not support it quite as much as they pretend to support it.

Let me describe this chart. These are the waters off Cuba open for leasing. There is half a million barrels of oil a day that could come into production, and our U.S. companies cannot go in there to compete against other nations to drill for it. Spain is there. Canada is there. India is there. China is there. They all have a desire to drill in that water. We cannot go there because our companies are told by President Bush: No, we have an embargo against Cuba; you can't go after this 500,000 barrels of oil a day in these waters because of our embargo against Cuba. That is absurd, absolutely absurd.

I have said often on the floor of the Senate, we stick little straws in this planet as we circle the Sun and we suck out about 86 million barrels of oil a day. We use one-fourth right here on this little place on the planet called the United States. We have a prodigious appetite for oil. That reflects in many ways the economy we built. We have built a wonderful economy. This is a great place to live. There is no place like it on Earth. But divine providence did some strange things. Most of the oil is under the sands halfway around the world in the Persian Gulf, and most of the demand is in the United States. There is more and more demand ahead of us with respect to China and India. We understand that. We knew that 12 to 14 months ago. So that is not what is causing the runup in prices today.

But we all know, if we look ahead, we need to leapfrog to other technologies, even as we search for additional oil. We will drill for more oil in the right places. Obviously, the chart I showed for the Gulf of Mexico has far more than my friends in the minority would aspire to achieve in other regions.

In addition to drilling in an appropriate way, we need much more conservation. Conservation is the easiest and by far the least expensive way to produce energy because we are such unbelievable wasters of energy. So conservation is, first and foremost, the best place to get additional energy.

Second is efficiency. It doesn't matter what you use—a hot water heater, a furnace, an air-conditioner—it doesn't matter what you use. The dramatic increase in efficiency of every appliance everybody uses, including these light bulbs, can substantially reduce our

need for energy. The incandescent light bulb is on its way out. It will not be too many years when we will not find one in this country because we can light America's houses and commercial facilities with about 80 percent savings of what we have been using in the past.

Finally, and most importantly, in my judgment, as we look forward some years, we have to, as a country, decide to get dramatically involved in renewable energy. We are not nearly there yet. We have some movement toward renewable, but we are not doing what we should do. The debate in the Congress has been about whether we should increase the production tax credits, tax incentives by 1 year. That is pathetic. We ought to say we are going to do this for a decade. America, you can count on where we are headed.

In the next decade, we are going to build substantial capability for wind, solar, biomass, and more. We ought to say here is where America is headed for 10 years. We are nibbling around the edges talking about a 1-year extension of this and that. It is not that we have not tried.

We had a longer extension on the floor of the Senate, but regrettably, the minority side largely blocked it. In fact, they have blocked these extensions three times. Our hope is that we as a country will be able to say our policy is conservation, efficiency, yes, drilling in the right places, but our policy is especially to move forward with substantial and dramatic amounts of new renewable energy.

I know the American people look at the Congress from time to time and wonder if anything can get done. There certainly is an urgency with respect to the policies I described—the fiscal policy that is way off track, a trade policy that is producing \$800 billion a year in trade deficits, a policy that has allowed the subprime loan scam to exist and develop right under the nose of regulators who apparently were dead from the neck up. All these things are urgent needs for this country to address. But none is more urgent at the moment than trying to find a way to put some downward pressure on gas and oil prices that have risen out of sight, in my judgment, disconnected to the supply-and-demand fundamentals of where a market ought to be.

Every American is affected by this runup in prices, and our country is being irreparably damaged by what it costs for us to send all this massive money every single day overseas in search of oil that is produced outside our country's borders.

We need a short-term urgent plan and a long-term thoughtful plan to find our way through this situation and put America on a better course for energy.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BROWN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

DHL SELLOUT

Mr. BROWN. Mr. President, this summer is turning out to be one of great anxiety and uncertainty for literally thousands of families in southwest Ohio. At this moment, the economic future of more than 8,000 people—8,000 workers and their families—in the Wilmington and surrounding communities hangs in the balance.

DHL, the cargo carrier service, has threatened to shut down its Wilmington hub, a decision that, if successful, threatens both families and surrounding communities. In May, DHL's parent company, the German company Deutsche Post World Net, announced a proposed deal with UPS that would close the Ohio operation.

In 2004, the State of Ohio and the city of Wilmington, a community of 13,000 people, and surrounding counties—Highland County, Greene County, Clark County, and the area around it—proudly laid out the welcome mat for DHL, providing more than \$400 million in incentives only 4 years ago. It was, we thought then, the beginning of a long friendship.

The Wilmington Air Park is the largest employer in a six-county area of Ohio. Literally, in each of the six counties in the region, DHL is the single largest employer. Air Park employees were drawn from 45 counties, more than half of Ohio's 88 counties.

Tomorrow, Americans from across the country will gather around their television sets to enjoy baseball's All Star game in Yankee Stadium. The first pitch will be thrown by Cleveland's All Star pitcher Cliff Lee. During this midsummer classic, fans may notice emblazoned on the walls of Yankee Stadium and on game memorabilia the DHL logo, because DHL is the official carrier of major league baseball. More than 8,000 Ohio workers and their families have helped make DHL a major league player in the North American express delivery business. Their families in the community have supported DHL, worked for DHL, helped build DHL, and State and local governments pitched in, as I said, with \$400 million to build this company and help it thrive in southwest Ohio.

Thankfully, the agreement with UPS and the agreement to shut down is not yet final, and so we fight. This morning, earlier today, Mayor David Raizk, Clinton County Commissioner Randy Riley, and I joined hundreds of DHL, ABX, and Air Star workers to fight for these jobs and this community. Together, I delivered to DHL's headquarters in Wilmington—at their headquarters just outside Wilmington, on the outskirts of Wilmington—I delivered more than 9,000 signatures on petitions to DHL headquarters, petitions